

the property in one county is assessed at 40 per cent. of its actual value, while the property in another county is assessed at 60 per cent. of its actual value, there is immediately an unjust discrimination against the latter county. The practice of equalizing assessments by boards of equalization should be vigorously urged in connection with the levying of taxes for road purposes.

Adjusting Direct Taxation Equitably

In some of the states, cities are not taxed for county purposes, and, consequently, heavy automobile traffic from cities exerts a destructive influence upon country highways without any corresponding return in the form of taxes. The remedy is either to make the cities taxable by counties for road purposes or to include practically all of the heavily-travelled highways in the state or provincial system and reach the cities by the direct state tax. It would seem to be fundamentally necessary that roads be classified and segregated into distinct systems as a condition precedent to the establishment of direct property taxes. Probably some budget plan could be worked out in which the requirements of the state, county and township highway systems respectively could be ascertained, and the total tax rate then adjusted so as to yield amounts proportionate to such findings. The net outcome would be that the man who lived on a state road would pay the heaviest tax, the man who lived on the county road the next heaviest, and the man who lived on the township road the lightest tax, but each, instead of paying three distinct taxes, would pay one.

For the reason that it is easier to convince the public of the necessity of building a good road than it is to convince them of the necessity of keeping it up, I would advocate dependence upon the direct property tax as far as possible for the construction of state or provincial roads and for meeting interest and retirement requirements on state bond issues, thus leaving to motor vehicle fees the burden of first supporting state highway organizations and maintaining the roads, and applying only the surplus from such revenues to the construction of roads and the payments of principal and interest of bonds. For county and township roads it will continue to be desirable and necessary to levy the direct property tax for practically all highway purposes, less such amounts as may be granted by the Federal government and the states or provinces as aid.

Motor Fees for Maintenance

Proceeds of motor vehicle registrations and licenses have increased enormously during the past few years.

As suggested in the preceding paragraph, this revenue should first be applied to the support of state highway departments and to the maintenance of state highways for the reason that the revenues are regularly available without the irritation to the taxpayer which comes from levying a direct tax each year. In other words, having secured a good road, the average taxpayer is apt to consider the road as a permanent institution, and to resent the necessity of continuing to tax himself to keep it up, whereas, he is not so likely to oppose spending the generous motor vehicle revenues for this purpose. I believe, therefore, that it is a mistaken zeal which seeks to tie up motor vehicle revenues for the payment of interest and retirement of bond issues, thus leaving to the tender mercies of the taxpayer the roads built at great expense and for which debt has been incurred.

Questions as to the basis of levying the fees on motor vehicles are interwoven in a very intricate manner with questions of regulation looking to the protection of the highway, so that the matter is not purely one of revenue. Thus far the tendency seems to be quite general to base the tax on the ordinary motor vehicle on horse-power at rates now generally regarded as equitable at anywhere between 40 cents and \$1 per horse-power. Motor trucks, on the other hand, are more generally taxed on a weight basis. It would seem that there has been too much of a tendency on the part of each state to follow precedent. There ought to be good possibilities for the working out of an efficient and

equitable basis of motor vehicle taxation through joint action of the best-informed men in those state highway departments which have had most intimate contact with this problem. The findings of such a committee would be exceptionally helpful to all of the states.

Appropriations and Special Assessments

Direct appropriations from general revenues are practicable in large and wealthy states or provinces and municipalities, but in view of the urgent necessity of carrying on highway construction and maintenance according to a comprehensive system and over a period of years, the dependence upon annual appropriations is too precarious to permit dependence upon this plan except for special and temporary purposes.

Special assessments in road improvement districts is a method of finance sometimes followed, and practically means the formation of a corporation of landowners who voluntarily bring upon themselves taxation for the purpose of improving their property by means of better highways. This method has proven successful in obtaining improved roads which could probably not be obtained through dependence upon popular vote. It localizes the burden, however, and is not equitable unless the road is of purely local importance. Any road used by traffic outside of the improvement district should have a wider field of taxation.

Bond issues for highway improvement are becoming popular at a rate which is not altogether reassuring. Certain fundamental questions, such as the length of term of the bonds, their payment on a serial rather than a sinking fund basis, the rate of interest, the determination of the roads to be improved, the solving of the difficult problems of type and dimensions of roads, should be worked out ahead of the sale of bonds so that these vast outlays may not produce such niggardly results as to cause a reaction.

Toll System Has Application

The collection of tolls, while generally tabooed by intelligent public sentiment, may yet assume a position of real importance in the financing of road work. In the old days objection was made to tolls because they were usually collected by private companies on public rights-of-way, because the cost of collection was out of all proportion to the amount of revenue derived, and because it was impossible to prevent gross dishonesty. It is possible to meet these faults by having the toll collected by the state or province and not by private companies. Traffic has become so enormous as compared with the old days, and automatic devices for collecting and recording collections have been so highly developed as to make it possible to collect tolls at the cost of a small percentage of the total collections. The destruction to the roads of one tax jurisdiction by traffic coming from other tax jurisdictions naturally directs attention to the toll system as one means of meeting this condition. The toll system is distasteful and inconvenient to the road user, and may be made unduly expensive, but on the general theory that payment should be made for service rendered, it would hardly seem that the road user could legitimately object to paying for the benefit of using a good road. I am not prepared to advocate the toll system, but I consider that it should not be dismissed lightly as a relic of the barbarous ages.

Restriction of Federal Aid

Finally, the aid granted by the Federal government has become of considerable magnitude. At present it is left to the state highway departments in the first instance to determine where the Federal aid is to be expended. It would certainly seem that the national government should concern itself with those roads which are of national importance, and, in line with this conclusion, the granting of Federal aid should be restricted to a national system, or at least to those roads which are interstate in character. If this be done, it will be one more step in the logical development of the principle of apportioning burdens to each unit of government according to the benefits derived.